

Message Text

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64

ACTION ARA-17

INFO OCT-01 ADP-00 CIAE-00 COME-00 EB-11 INR-10 LAB-06

NSAE-00 RSC-01 SIL-01 AGR-20 OMB-01 TRSE-00 PA-03

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FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 4450

C O N F I D E N T I A L SAN JOSE 2385

E; O. 11652: N/A

TAGS: ELAB, EAGR, PINT, CS

SUBJECT: GOCR WORKING TO AVERT BANANA STRIKE

1. PRESIDENT FIGUERES MET WITH LABOR MINISTER MORALES JULY 2 TO DISCUSS PLANS TO HEAD OFF A THREATENED STRIKE BY BANANA WORKERS IN THE ATLANTIC COASTAL AREA. THE STRIKE REPRESENTS AN UNUSUAL ALLIANCE BETWEEN THE INDEPENDENT BANANA GROWERS AND THE COMMUNIST- DOMINATED BANANA WORKERS' UNIONS, AND WOULD BE AIMED AGAINST THE LARGE FOREIGN BANANA COMPANIES, LARGELY STANDARD AND BANDECO (DEL MONTE).

2. THE " INDEPENDENT" BANANAS COMPANIES ARE MOSTLY SMALL, DEBT- RISEN COSTA RICAN FIRMS ATTRACTED INTO THE BANANA BUSINESS WHEN THE LARGE FOREIGN FIRMS DECIDED TO REDUCE THEIR HOLDINGS AND CONCENTRATE UPON MARKETING. THE INDEPENDENTS DEPEND UPON THE MAJOR FIRMS FOR ALL EXPORTING AND MARKETING, AND HAVE BEEN PRESSING HARD FOR BETTER PRICES. (THEY ALSO HAVE BEEN PLEADING FOR ADDITIONAL CREDIT AND PREFERENTIAL FOREIGN EXCHANGE TREATMENT FROM THE CENTRAL BANK.)

3. COMMENT: THE MANAGER OF STANDARD FRUIT TOLD US SOME TIME AGO THAT HE SUSPECTED THE GOCR WOULD TACITLY ENCOURAGE THE INDEPENDENTS AND THE UNIONS IN THEIR
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STRIKE PLANS; HOWEVER, IT IS OUR READING THAT THE GOVERNMENT WOULD NOT CONSIDER SUCH A STRIKE IN ITS INTEREST AND WOULD SINCERELY TRY TO AVERT A REALLY DAMAGING STRIKE. STANDARD, FOR ITS PART, MAINTAINS THAT IT IS CAUGHT IN A REAL SQUEEZE BETWEEN WORLD PRICES AND THE DEMANDS OF THE INDEPENDENTS. NEVERTHELESS, IT HAS BEEN WIDELY PUBLICIZING RECENT TAX PAYMENTS TO THE GOCR, POINTING OUT THAT THE FIRM WAS ABLE TO MAKE A SMALL PROFIT IN 1972, FOLLOWING TWO YEARS IN THE RED. IN THIS CONNECTION, FINANCE MINISTER ALPIZAR RECENTLY TOLD EMBOFFS THAT HE WAS SYMPATHETIC TO THE PROBLEMS OF STANDARD AS WELL AS THOSE OF THE INDEPENDENTS, AND FELT A STRIKE WAS NOT REPEAT NOT THE ANSWER. VAKY

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*** Current Classification *** CONFIDENTIAL

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